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“[I predict] that medical schemes will be used to deliver part of the NHI services.”

### How will the NHI affect medical aid schemes?

Consulting Actuary Jan Howell of Omac Actuaries & Consultants doesn't expect a significant impact on medical schemes in the short to medium term. However, should the proposed NHI be implemented in its current form, the role of medical schemes in SA could change dramatically in the long term, depending on the affordability of NHI tax and schemes' contributions, as well as quality of care in the public sector.

Howell explains that, should the NHI proposal be implemented as is, medical schemes will be allowed to continue to operate; however, individual medical scheme members won't be permitted to opt out of the NHI. South African citizens will be obliged to contribute to a NHI tax, which will be calculated according to an individual's income.

“As a result, medical schemes are likely to offer members a greater choice with regard to healthcare providers and more convenient timing of procedures, in the hope of enticing members who might not be satisfied with the choices available on the NHI. Alternatively, schemes may opt to offer top-up cover or supplementary cover for procedures that aren't covered by the NHI,” he says.

Khan concurs. “Medical schemes will need to reposition the types of benefits provided, which may mean buying up to gain access to immediate treatment with specific providers and to have access to the latest medical technologies. Perhaps similar to other parts of the world, members of private healthcare insurance sometimes pay to avoid queuing for specific treatments.”

Broomberg also doesn't expect the NHI to impact significantly on medical schemes, explaining: “The services provided by the NHI will be different in many ways from those which medical aid members access and utilise.” (Broad categories of services are anticipated to be provided by the NHI, but not necessarily chronic medications or other goods and services presently covered by medical aids.)

“We [Discovery Health] therefore expect the vast majority of current medical scheme members to remain on their medical schemes, and that those schemes will continue to offer the same cover and benefits as they do today.”

Deacon agrees. “I think there'll be a much smaller fallout than many people think. Until the NHI can establish itself as a viable, equal competitor to the private sector, we'll continue to have people who are prepared to pay for the freedom of choice and the quality of care they demand.”

He adds: “The experience of other countries has shown that at least 14% of people still want the freedom to access healthcare when and where they

choose, and are prepared to pay for the privilege. In the private sector, those who choose to maintain their private healthcare cover will see an increase in costs and will view the NHI as an additional tax that has to be paid.

“I assume one measure of the effectiveness of the NHI will be the low take-up of private healthcare,” Khan says wryly.

### How will the NHI affect you?

In an opinion piece circulated by Investec, Annabel Bishop, Group Economist at the organisation, stresses that it's not yet clear what form increased taxation will take in order to fund the NHI, or when mandatory contributions to it will begin. Proposals to fund the scheme include a surcharge on your taxable income, payroll taxes and increasing value-added tax.

Bishop points out that SA has six million taxpayers to bear the financial cost of the NHI and close to 50 million citizens. “It would seem a small number of high-income earners will be paying the majority of increased tax to fund the NHI. The net effect is likely to be a lowering in disposable income.”

There's no doubt that belonging to a private medical aid will cost you more in the future. “Further indications of what benefits will be included in the NHI – whether

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these will be a version of the already legislated Prescribed Minimum Benefits and at what rates the NHI-accredited providers will be remunerated – will all have a bearing on the cost of your medical aid,” says Khan. ■